

and the aggregate productive means of the world are not increased.

The characteristics of human nature are significant in all their forms, but no feature so astounds the careful observer as the general feebleness of memory, and the facility and promptitude with which the disastrous evils and, losses of war, the serious consequences of commercial crises, and generally all experiences of exceptional magnitude and misery, are obliterated from recollection, leaving but the slenderest warning and restraining influence upon future conduct, which, slender though it be, grows dimmer and less impressive with the lapse of time, and speedily evanesces completely. This obliviousness is not dependent upon the advent of a new generation, with its own freshness of energy and vacancy of memories, but is plainly discernible, as a lasting element of the human fabric, in the people who have themselves encountered these disastrous events. The practical lesson thus taught to the investor, in support of calmness of judgment in critical times, is the inevitable succession of the equilibrium of prices after even the extremest descent.

The occurrence of international war necessarily, first of all, occasions an increase in the value of money. The rate of interest advances, for besides the element of remuneration for the use of capital, the rate must include a provision for the greater chance of loss to which loans are now subject. Considerable sums are required by the Government (obtained by borrowing in the form of the fresh issue of securities) for the transport and maintenance of troops, the collection, of military materials, and the effective equipment of ships of war. The supply of money, which is sufficient in ordinary times for the needs of trade, is accordingly reduced by absorption in these national loans ; and, commercial purposes (however restricted) still requiring the monetary medium of exchanges, the current demand exceeds the diminished available supply with a consequent enhancement of the charge for loans.

In England, at least, enormous expenditure would be entailed in the

possession of an irresistible fleet for preserving the communication with its colonies and their open intercourse with each other. If this intercourse were arrested by an